

Use of AHP Subsidy for Homeownership New Construction or Acquisition, Rehabilitation, and Resale

In cases where AHP subsidy is being used to pay for hard construction costs or development subsidy in a homeownership new construction or acquisition, rehabilitation, and resale project the following conditions and requirements apply:

Conditions and Requirements:

- i. If the sales price exceeds the total development cost of the home the difference between the two is the developer fee and is subject to the limitations outlined in Attachment B: Feasibility Guidelines, Table 4: Feasibility Guidelines for Homeownership Project Criteria in the Implementation Plan.
- ii. All non-forgivable liens for the unit cannot exceed appraised value. In addition to providing cost validation documentation for expenses to be reimbursed with AHP funding, documentation must also include first and subsequent mortgages, the homebuyer's closing disclosure, and an independent appraisal for each homeowner.
- iii. AHP subsidy can be requested for reimbursement only after the home is complete, has closed, and all documentation outlined in condition and requirement ii has been submitted.

Minimum AHP Draw Requirements

Homeownership Projects

When initiating an AHP disbursement, requests should be for at least 25% of the total AHP subsidy award or at least 25% of the total AHP units, except for the project's final draw which may be less than the established threshold.

Example: AHP award - \$200,000
 Total AHP units 20

In this example, an AHP subsidy request for 25% of the total AHP award would be \$50,000. An AHP subsidy request for 25% of the total AHP units would be 5.

The FHLBank Indianapolis reserves the right to reject any AHP disbursement requests for less than the minimum draw provision.

Rental Projects

When initiating an AHP disbursement, requests should be for at least 25% of the total AHP subsidy award, except for the project's final draw which may be less than the established threshold.

Example: AHP award - \$500,000
 Minimum AHP Draw - \$125,000

The FHLBank Indianapolis reserves the right to reject any AHP disbursement requests for less than the minimum draw provision.